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SENATE TAXATION

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HB-492

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Testimony of Jim McGarvey, Executive Secretary Montana State AFL-CIO

Quality Service Allowance for Minimum Wage, HB 492
Senate Taxation Committee, March 23, 2007

Mr. Chairman, Members of the Committee; my name is Jim McGarvey. I am the Executive Secretary of the Montana State AFL-CIO. My testimony today is on behalf of more than 35,000 Montana union members and their families.

We oppose this unfair legislation. Initiative 151 was passed by 73 percent of Montana's voters last November. It passed in every legislative district in Montana. Montanans from all walks of life and with widely varying political beliefs decided that minimum-wage workers, including tipped employees, deserve cost-of-living increases to offset some of the effects of inflation year after year. HB 492 attempts to undo the will of the people of Montana. It also indicates to the voters, in every district in this state, that any legislator who supports this bill doesn't value, or abide by, the will of the voters in their district.

This bill assumes that tips are a regular, dependable source of income. In fact, tips vary widely. Morning shifts produce fewer tips generally than evening shifts. Weekdays are generally lower tip days than weekends. The season of the year is relevant as well. December is a better month for tipped employees. January and February can be painful. This bill is banking on the idea that every customer will tip appropriately and that every restaurant will have a steady stream of customers to provide those tips for workers on all shifts. Wages are secure. When less desirable shifts or slow seasons reduce workers tips, there is no recovery. To a low wage worker this could mean financial disaster.

Many people in this job classification are barely getting by. The average wage for the workers affected by this bill, including their tips, is well below the poverty level. Many of them work more than one job. Many are the primary family breadwinners. The majority of the workers targeted in this bill are women, and a number of those are single moms. When you damage the income of a single mom, you condemn her children to a life of unending limitations. This bill aims to preserve the growing profit margins of business owner's at the expense of Montana's youngest citizens. Is this just?

In an industry already beset by wage infractions, this bill would reduce the amount employers pay to workers who are, too often, already getting less than they legally deserve. I urge you to vote against HB 492.